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#### POSSIBILITY OF A SOVIET SHIFT ON TRIESTE

Recent reports have led to speculation that the Communist line on Trieste may shift from supporting establishment of a free territory, as required by the Italian Peace Treaty, to favoring return of the entire territory to Italy, as advocated by the 1948 Tripartite Declaration.

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Trieste Communist leader Vidali, who has made similar statements previously, stated during a recent party congress that his party would follow the Soviet Union even if Moscow changed its policy on Trieste.

A nationalistic

Italian newspaper reported in March that Italian Communist leader Togliatti brought back news from Moscow that the USSR accepts the 1948 Western stand.

These hints of a change in Soviet tactics on Trieste do not necessarily presage a change in Soviet policy; on the contrary, they may have merely been inspired by local Communist attempts to complicate current Allied plans for a Trieste compromise and bolster the popularity of the Italian Communist Party during the present Italian electoral campaign.

Last week, in an effort to forestall or detract from the effectiveness of a Soviet shift to the Tripartite Declaration during the Italian electoral campaign, Premier de Gasperi publicly invited Soviet adherence to the Allied note of 1948.

Soviet adherence to the Tripartite Declaration would embarrass the Western powers who no longer consider the terms of the 1948 proposal practical, would hamper Western defense planning in the Adriatic area by fortifying Italian and Yugoslav intransigence on Trieste, and would strengthen the Soviet position by appearing conciliatory.

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On the other hand, if it undertook such a maneuver the USSR would be undermining its basic position of upholding peace treaties and wartime agreements. This would be particularly harmful at a time when the USSR is likely to insist on the Potsdam Agreement as a basis for a German settlement. Moreover, in anticipation of an Allied attempt to test the sincerity of Soviet peaceful intentions by further proposals on Austria, it would be a particularly inopportune time for the USSR to remove the basis for its contention that an Austrian settlement is contingent upon prior fulfillment of the Italian peace treaty. There are other issues, however, with which the USSR could delay an Austrian treaty, and the withdrawal of this contention could be made to appear as a major Soviet concession for which it would expect compensation.

( See annex M/)

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#### ANNEX I

# GENERAL SURVEY OF SOVIET POLICY ON TRIESTE SINCE THE END OF WORLD WAR II

Soviet policy on Trieste since the end of World War II has been consistent only in its attempts to thwart each Allied plan for a permanent solution of this dilemma. Initially, the Soviet Union insisted that not only Trieste but the entire Venezia Giulia region be ceded to Yugoslavia as payment for its contribution to the Allied cause. This ill-disguised effort to dominate the strategic Julian region was rejected by the Western powers in September 1945, and ultimately a compromise advocating the establishment of a Free Territory of Trieste under a governor appointed by the UN Security Council was incorporated into the final draft of the peace treaty with Italy. While paying lip service to this compromise, the Soviets exercised their veto in the Security Council to block all Western attempts to appoint a governor.

In 1948, however, as a result of Tito's defiance and the Western shift to the Italian argument, the Soviet Union became an ardent convert to the cause of creating a Free Territory under the UN, even going so far as to submit candidates for the office of governor whom it had previously rejected. In the spring of 1950 the USSR made its agreement on an Austrian protocol dependent on the fulfillment of the Italian Peace Treaty clauses on Trieste.

The latest official Soviet position on Trieste was contained in its note of June 1952 which again protested the division of Trieste and insisted that the Western Powers fulfill the conditions of the Italian Peace Treaty regarding Trieste.